



Economics: Supply & Demand

Name: _____

Date: _____

Grade: Grade 5

Part A: Multiple Choice

Circle the best answer for each question.

1. A drought destroys half the wheat crop in the country. What will most likely happen to the price of bread?

- A) The price will drop because people eat less bread
- B) The price will rise because the wheat supply is lower
- C) The price will stay the same because bread is a need
- D) The price will drop because farmers will grow more wheat

2. Which is the best example of how the government helps keep markets fair?

- A) The government tells every store what prices to charge
- B) The government closes all businesses that earn a profit
- C) The government creates safety rules so products do not harm people
- D) The government gives money only to the largest companies

3. If inflation rises quickly, what happens to the money in a person's wallet?

- A) It can buy more goods than before
- B) It can buy fewer goods than before
- C) It becomes worth exactly the same as before
- D) It turns into a different kind of currency

4. A new factory opens and starts making sneakers in a town where two other sneaker factories already exist. What is the most likely result?

- A) All three factories will raise their prices together
- B) Consumers will have to buy fewer sneakers
- C) Increased competition may lead to lower prices for sneakers
- D) The government will shut down the new factory

Part B: Fill in the Blank

Write the correct answer on each line.

1. When prices rise across the whole economy over time, it is called _____.
2. The government uses _____ money to pay for public services like roads and schools.
3. A decrease in the overall supply of a resource can cause its price to _____.

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Part B: Fill in the Blank

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1. When prices rise across the whole economy over time, it is called inflation .
2. The government uses tax money to pay for public services like roads and schools.
3. A decrease in the overall supply of a resource can cause its price to increase .
4. Government regulations protect consumers by setting rules businesses must follow.